



COMMISSION NEWS

ARIZONA CORPORATION COMMISSION, 1200 W. WASHINGTON, PHOENIX, AZ 85007

TO: EDITORS, NEWS DIRECTORS
FOR: IMMEDIATE RELEASE

DATE: August 28, 2003
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COMMISSION CORKS FINE WINE SCHEME, SANCTIONS OTHERS FOR SECURITIES FRAUD

PHOENIX – The Arizona Corporation Commission ordered several companies and individuals to return nearly \$715,000 to investors and pay penalties totaling \$160,000. The Commission sanctioned three companies for fraudulently offering and selling investments in fine wine. Two other cases involved the fraudulent sale of unregistered securities in a farming operation and a dot-com company.

Ocean International Marketing, Ltd., et al.

The Commission entered a default order against three international companies, ordering them to stop fraudulently selling unregistered securities in a fine wine business and pay almost \$100,000 in restitution and \$75,000 in penalties.

The Commission ordered the following companies to stop violating the Arizona Securities Act:

- Ocean International Marketing, Ltd. of the Netherlands
- Heros Global Marketing, Ltd. of the Netherlands
- Seed International, Ltd. of Grand Cayman

The Commission found that these companies, directly or through their representatives, offered or sold fine wine investment contracts to at least three Arizona residents. Doctors and dentists were specifically targeted for these investments. The companies are not registered to offer or sell securities in Arizona.

The companies represented that they would manage a wine “portfolio” that would, over time, appreciate in value. The bottled wines could either be stored by the promoters or the investor, but the Commission found that

investors did not receive the wines or any appreciable return on their investment.

The companies solicited investors with letters that showed how their fine wines were steadily increasing in value. Investors who requested a refund were told that they instead needed to pay additional money because their investment was in jeopardy.

The Commission found that the companies failed to provide prospective investors with any financial background or other crucial information to make an informed decision on the risks of the investment. The companies told investors that the risk of loss was “extremely improbable.”

Three other parties were involved in the promotion and sale of these investments. GFH International of Jamaica, New York, George Ioannou, also from Jamaica, New York and Ryan Ferreira of the Netherlands are involved in a related but ongoing Arizona Corporation Commission case.

Clay Eugene Lambert

The Commission revoked the registration of Mesa securities salesman Clay Eugene Lambert, 53, for securities fraud and assessed a \$60,000 penalty. Lambert, who was also an insurance agent, sold unregistered promissory notes to finance a farming operation to a Chandler couple. The Commission also ordered Lambert to repay the investors \$451,700, plus interest.

Between 1993 and 2000, Lambert was a registered securities salesman with six different Arizona securities dealers. The Commission found, however, that Lambert failed to register the promissory notes he sold to investors.

At a hearing Lambert failed to attend, evidence showed that Lambert met the couple in 1991 through one of their parents who had purchased insurance from him. In October 1994, he solicited the couple to purchase a promissory note to finance a North Dakota farming operation formerly owned by Lambert’s family. The Commission determined that the couple had no experience in agriculture and solely relied on Lambert to generate profits from the farming operation.

Lambert issued the couple a promissory note with an interest rate of 15 percent per year. He later issued a second note with a rate of 12 percent per year. The terms of the notes required Lambert to purchase a

\$900,000 insurance policy on his life with the investing couple as beneficiary. The Commission found that he never maintained such insurance.

Lambert claimed to own the farm without any encumbrances, but the Commission found that the property had a mortgage, and that Lambert did not execute the purchase of the farm until after receiving the couple's funds.

In addition, the Commission determined that Lambert:

- Failed to disclose adequate financial information,
- Failed to reveal the possible risks to investors; and
- Failed to properly disclose the use of the funds.

The Commission also found that Lambert eventually sold the farm in April 2001, but did not give the couple any proceeds from the sale.

Besides acting as the couple's insurance agent and financial adviser, Lambert was a bookkeeper at their construction company. Accused of misappropriating company funds, Lambert pled guilty to theft and forgery charges in Maricopa County Superior Court on March 26, 2003. He is currently serving three and one-quarter years in prison.

Donald L. Levine

The Commission entered a default order against 37-year-old Donald L. Levine of Phoenix for fraudulently selling unregistered stock in a Phoenix-based Internet company. The Commission also ordered Levine to pay restitution and to pay a penalty of \$25,000.

From June to October 1999, Levine and his associates sold to at least nine Arizona investors \$162,500 worth of unregistered stock in 2c2k.com, Inc., also known as Non-Stop Shopping.com. The investments were to finance the start-up of an online "shopping mall."

Although the company's promoters negotiated with various merchants to offer goods and services, the Commission found that the company did not have a website that actually offered anything for sale. Instead of establishing the website, Levine funneled money to himself and other principals and promoters of the company.

Levine is not registered to offer or sell securities in Arizona.

The Commission also found that Levine represented to investors that they could request a refund if the stock did not go public within six months of their investment date. When the deadline passed, some investors requested refunds. Instead of the refunds, investors received publicly traded shares in e-Fling.com, Inc., a Nevada corporation which bought out 2c2k.

This is the final Commission order which concludes the case. Earlier this year, the Commission took action against Levine's associates, Texas attorney 55-year-old Mark Deubner of Dallas, who received a \$15,000 penalty, 64-year-old Stephen Rosenbaum, who received a \$5,000 penalty and 29-year-old Bobbie Jo Swartz, who received a \$5,000 penalty. Because he was involved in all but two of the investment transactions, Levine received the maximum penalty of \$25,000.

Prior to investing, people should verify registration of sellers and investment opportunities by contacting the Arizona Corporation Commission's Securities Division at 602-542-4242, toll free outside the Phoenix Metropolitan Area at 1-877-811-3878. The Division's website also has helpful information for investors: www.ccsd.cc.state.az.us.

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